

SOUTHERN ENVIRONMENTAL LAW CENTER

Telephone 919-967-1450

601 WEST ROSEMARY STREET, SUITE 220
CHAPEL HILL, NC 27516-2356

Facsimile 919-929-9421

August 21, 2013

VIA FIRST CLASS AND ELECTRONIC MAIL

A. Stanley Meiburg
Acting Regional Administrator
EPA Region 4
61 Forsyth Street, S.W.
Mail Code: 9T25
Atlanta, GA 30303-8960
Meiburg.Stan@epa.gov

Re: Proposed Cleveland County NC Reservoir: State Waiver of Section 401
Authority and Request for EPA 404(c) Designation

Dear Mr. Meiberg:

This letter requests that the Environmental Protection Agency ("EPA") prohibit the specification as a disposal site that section of the First Broad River in Cleveland County, North Carolina, proposed for development as a reservoir. EPA has the authority under section 404(c) of the Clean Water Act, 40 U.S.C. § 1344(c), to designate specific sites as unsuitable for the deposition of fill material. The discharge of fill materials into this section of the First Broad River to construct a dam will fill a section of the river, inundate approximately 24 miles of river and tributaries and 1,400 acres of forested and agricultural land, and destroy approximately one acre of wetlands. Corps Public Notice of Intent to Prepare DEIS, Fed. Reg. Vol. 71, No. 133, pp. 39308-39309. The proposed reservoir will have unacceptable adverse impacts on fisheries, wildlife, and recreational areas and is not needed for water supply. Indeed, studies conducted by the water district's own consultants have repeatedly identified multiple practicable alternatives for meeting the water district's long-term water needs. The Town of Forest City, North Carolina, has ample finished water available and has offered to supply water to this area of Cleveland County, if water is actually needed.

As discussed below, in response to undue political pressures, the North Carolina Division of Water Quality has completely abrogated its responsibilities under section 401 of the Clean Water Act to evaluate whether the proposed reservoir is consistent with state water quality standards. Despite an incomplete 401 certification application, no public notice, and no required coordination with the Corps of Engineers on the pending application for a section 404 permit, the Division of Water Quality knowingly and deliberately waived the requirement of a section 401 certification for the project on July 2, 2013. Letter from Thomas Reeder, Director, Division of Water Resources, to Clyde Smith, Manager, Cleveland County Water (July 2, 2013).

The Division of Water Quality's unprecedented waiver of its authority and responsibility to ensure that this project complies with water quality standards emerged from excessive and inappropriate legislative involvement. This involvement includes actions to advance the project by the attorney for the local water authority, who is also a state legislator; attempted intimidation of a local government offering to provide water to the area by another state legislator with financial ties to a real estate development company poised to profit if the reservoir is constructed; and actions by the director of the local water authority, appointed to the North Carolina Environmental Management Commission by the Speaker of the North Carolina House of Representatives. Direct legislative involvement also includes enactment of legislation to merge the Division of Water Resources and the Division of Water Quality and enactment of legislation to make the combined Division of Water Resources an advocate for reservoir projects, subjugating its federal responsibility to ensure that reservoir projects comply with state water quality standards. Since the State has abandoned its responsibility to protect the waters of the State, EPA must step in and exercise its authority under section 404(c).

Clyde E. "Butch" Smith, General Manager of Cleveland County Water, is an advocate for the proposed reservoir. In 2010, Speaker of the House Thom Tillis appointed Mr. Smith to the North Carolina Environmental Management Commission, the State's main environmental policy and regulatory board with jurisdiction over water quality permits and certifications. As director of the water district, Mr. Smith is exploiting his political appointment to the state's Environmental Management Commission, which oversees DENR, to advance his project. Mr. Smith stated in a July 2011 email: "As you can see we are working hard to get the reservoir. David [recipient] I have been appointed to the N. C. Environmental Management Commission." As evidenced in the attached emails, Mr. Smith has been in regular communication with Representative Tim Moore (General Counsel to the reservoir applicant), Representative Michael Hager, and others exploring legislative options to circumvent the section 401 and 404 requirements. In an August 2012 email, Mr. Smith stated to a legislative staffer that "[w]e feel like this election in November [2012] N.C. is going Republican and if that's the case we will get the 401 permit." It is clear that the applicant's strategy has been to exploit politics, rather than address the requirements of state and federal law.

Prior to waiving its responsibility to certify that the proposed reservoir complies with state water quality standards through a section 401 certification, Division of Water Resources Director Tom Reeder explained to Butch Smith why the federal Clean Water Act precluded the Department from even processing an application for the project:

The Army Corps is the lead agency for your Environmental Impact Statement (EIS). As the lead agency the Army Corps is responsible for analyzing your EIS and selecting the Least Environmentally Damaging Practicable Alternative (LEDPA) for your water supply shortfall. What this means is that based upon all of the information that has been and will

be gathered and presented in your EIS document, the Army Corps will decide which alternative can supply Cleveland County with the water that you need and will also have the least amount of impact on the environment. The Army Corps will make this decision on their own per the federal regulations. ***Once the Army Corps has selected the LEDPA, then DWQ can process and consider a 401 permit for the project that the Army Corps has selected*** and then the Army Corps can process a 404 permit for the same project. This is why DWR can not be a co-applicant on your 404 application at this time because until the Army Corps finishes with the EIS and selects the LEDPA there really is no active application to consider. The Corps will not consider your application as active until the required EIS documentation has been completed and they have selected the LEDPA. This is why when I met with you and the board down in Cleveland County a couple of months ago, I stressed that it was very important for you all to go to Wilmington and meet with the Colonel and his staff to see if you can influence their determination of the LEDPA. If, for instance, the Army Corps decides that, based on the info in the EIS, the LEDPA for your future water supply problem is an interconnection then that is the only alternative that DWQ and the Corps can consider an application for a 401/404 permit. ***But until the Army Corps make a LEDPA determination no action or processing can be taken on your permit applications. There is no way around this, that I know of, because these are all federal regulations under the Clean Water Act.***

October 9, 2012 email from Thomas (Tom) Reeder, Director, N.C. Division of Water Quality, to Butch Smith (emphasis added).

On May 8, 2013, Division of Water Quality staff noted that Cleveland County Water had submitted an "application" for a section 401 certification:

This was just sent down. Came into Raleigh, central office on May 2nd.
DWQ # 05-1457

Was this handled as an application? As I read the cover letter, (not the resolution) reading the bottom paragraph and the second page, it seems more of a "let's get together and talk" application.

Email from Alan Johnson to Karen Higgins (May 8, 2013). On May 10, 2013, DWQ staff noted the complete lack of any details and pertinent information in the "application" and recommended, "at a minimum," it be put on hold until a complete application is submitted:

The applicant hasn't completed the draft EIS, thus the project hasn't gone to public notice. As mentioned yesterday, there was no mention of

mitigation for the project, no listing of streams/creeks impacted by the construction, nor other pertinent information included with the application. I would assume, at minimum, the project should be placed on hold until the proper work has been completed and application with complete information submitted.

Email from Alan Johnson to Michael Parker (May 10, 2013). Underscoring Mr. Johnson's concerns, for example, the application submitted describes no compensatory mitigation for the footprint of the proposed dam or inundated wetlands and streams. The application lists as mitigation the establishment of a 100-foot buffer around the new lake and the beneficial creation of a new "lake fishery" and public boat launches. The application devoted three paragraphs to discussion of the 24 miles of streams and wetlands that will be inundated by the applicant's proposed lake, and concedes that "minimal information was collected during the preliminary assessment" of impacted water resources. In prior comments on the applicant's alternatives analysis, DENR had questioned the applicant's conclusion that no viable alternatives existed. Despite these known deficiencies, DENR chose to waive 401 certification.

Under the Environmental Management Commission's rules, a complete application for water quality certification is deemed waived after 60 days unless the agency takes action on the application or requests additional information. 15A N.C. Admin. Code 02H .0507. On July 2, 2013, 61 days after the inappropriate and incomplete application was submitted, the Director of the Division of Water Quality not only took no action, allowing waiver of its authority, but in an email to the Corps, also completely and affirmatively waived the State's responsibility to certify the project under section 401, stating: "the Division has waived the requirement for a 401 Water Quality Certification at the subject property as described in your application package." Certified letter from Thomas Reeder to Clyde Smith (July 2, 2013).

The Division of Water Resources made the decision to waive the 401 certification despite an incomplete application and without requesting additional information required for an application as authorized by 15A N.C. Admin. Code 02H .0502, which tolls the 60-day waiver under 15A N.C. Admin. Code 02H .0507. Neither did the Division comply with the requirement of 15A N.C. Admin. Code 02H .0503 that "notice of each pending application for an individual certification shall be published at least 15 days prior to proposed final action by the Director upon the application." The Division of Water Resources Director waived the certification after previously informing the applicant it could not legally under the Clean Water Act process the application until the Corps of Engineers determines the project is the least environmentally damaging practicable alternative.

Multiple practicable alternatives to constructing the proposed reservoir exist. For example, the Town of Forest City has offered to provide finished water to the Cleveland County Water Association as an alternative to constructing the proposed reservoir. On

March 19, 2013, Representative Michael Hager appeared before the city council of the Town of Forest City and threatened to introduce legislation that, if enacted, would prevent the Town of Forest City from providing finished water to the Cleveland County Water Association. Council minutes summarizing Representative Hager's presentation state:

Legislation is being proposed that would prohibit all water supply alternatives other than a reservoir for Cleveland County. He [Hager] said he would like the board's feedback. This would be a local bill to force the Army Corps of Engineers to decide about a reservoir.

The Town of Forest City responded to Representative Hager's threat of legislation on April 2, 2012. In its response, the Town stated its opposition to the proposed legislation, and reiterated that it is in the "perfect position to partner with Cleveland County Water" in providing finished water. Representative Hager does not represent Cleveland County, but on March 14, 2012, he reported "income in excess of \$5000" from the "John Cline Res. LLC.", a real estate investment venture that is poised to profit from lakefront real estate development if the proposed reservoir is constructed. North Carolina Ethics Commission, 2012 Statement of Economic Interest of Machael Dean Hager (filed March 14, 2012).

In 2011, the North Carolina General Assembly enacted Session Law 2011-374, "An Act to Promote the Development of Water Supply Reservoirs and Other Water Supply Resources. The legislation was co-sponsored by Representative Tim Moore. According to Representative Moore's website, he "currently serves as General Counsel to the Cleveland County Water Board of Commissioners."


<http://www.timmoorelawoffice.com/meettimmooore.htm>. Among other things, the legislation directs the Department of Environment and Natural Resources to identify the preferred alternative to a proposed water supply reservoir, makes that determination "binding on all state agencies" and the Department of Administration in any analysis required under the State Environmental Policy Act, and authorizes the Department to "become a co-applicant for all required federal approvals" at the request of a local water authority. In 2013, the North Carolina General Assembly enacted House Bill 74 "Regulatory Reform Act" (pending signature by the Governor), which merges the Division of Water Quality with the Division of Water Resources to create a new Division of Water Resources. With the previous legislation, the re-organized Division of Water Resources will have the combined and competing missions to advocate for water reservoirs and certify that proposed reservoirs comply with water quality standards. From the first decision after re-organization – the unprecedented waiver of a water quality certification for a project with the scope of impacts of the proposed Cleveland County reservoir – it is apparent which mission will predominate.

House Bill 74 also authorizes state expenditures from the Clean Water Management Trust Fund for reservoirs. This proposed legislation first appeared in HB

586 "Enhance Water Supply Funding," which was not enacted. The primary sponsor of this bill was Representative Mitch Gillespie. In the attached email from Butch Smith, he encourages Representative Moore and others "to get on board" with this proposed legislation. Former Representative Gillespie is now Assistant Secretary of the Department of Environment and Natural Resources, with supervisory authority over the Division of Water Resources which waived the state water quality certification for the reservoir.

The proposed reservoir will have significant, and unnecessary, adverse impacts on the aquatic environment. In response to undue political pressure, the North Carolina Division of Water Resources has abdicated its responsibility under section 401 of the Clean Water Act to protect the State's water resources. We respectfully request that EPA protect the State's waters by designating the waters that would be filled and inundated by the proposed dam and reservoir as unsuitable for the deposition of fill material under section 404(c) of the Clean Water Act.

Sincerely yours,



Derb S. Carter, Jr.

D.J. Gerken

DSC/DJG/lap

cc (w/encl., via email and mail):

James D. Giattina, Director, Water Protection Division, EPA Region 4
(Giattina.Jim@epa.gov)

William L. Cox, Chief, Wetlands, Coastal and Oceans Branch, EPA Region 4
(cox.williaml@epa.gov)

John E. Skvarla, III, Secretary, North Carolina Department of Environment and
Natural Resources (john.skvarla@ncdenr.gov)

Tom Reeder, Director, North Carolina Division of Water Resources
(tom.reeder@ncdenr.gov)



North Carolina Department of Environment and Natural Resources

Pat McCrory
Governor

Division of Water Quality
Thomas A. Reeder
Acting Director

John E. Skvarla, III
Secretary

July 2, 2013

DWQ # 05-1457
Cleveland County

CERTIFIED MAIL: 7003 2260 0005 5380 8962
RETURN RECEIPT REQUESTED

Cleveland County Water
Attn: Clyde Smith, Manager
439 Casar Lawndale Road
Lawndale, NC 28090

Subject: WAIVER OF REQUIREMENT FOR A 401 WATER QUALITY CERTIFICATION
Cleveland County Water First Broad River Reservoir

Dear Mr. Smith:

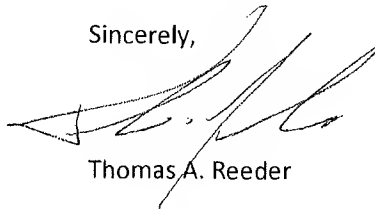
On May 2, 2013, the Division of Water Quality (Division) received your application dated April 30, 2013, requesting a 401 Water Quality Certification from the Division for your project.

Pursuant to Title 15A NCAC 02H .0507, if final action is not taken within 60 calendar days, the requirement for certification is waived. Therefore, the Division has waived the requirement for a 401 Water Quality Certification at the subject property as described in your application package.

If additional impacts occur and/or your site plans change, this waiver is no longer valid and a 401 Water Quality Certification will be required. This waiver does not relieve you of the responsibility to obtain all other required federal, state or local approvals.

Please contact Karen Higgins at 919-807-6360 or karen.higgins@ncdenr.gov if you have any questions or concerns.

Sincerely,



Thomas A. Reeder

cc: Pamela M. Boaze, Fish and Wildlife Associates, Inc., PO Box 241, Whittier, NC 28789
Jennifer Frye, USACE, Wilmington District, 69 Darlington Ave., Wilmington, NC 28403-1343
Todd Bowers, EPA, Sam Nunn Federal Center, 61 Forsyth Street SW, Atlanta, GA 30303
DWQ MRO 401 files
DWQ Webscape Unit

Filename: 051457ClevelandCountyWaterFirstBroadRiverReservoir(Cleveland)_401_Waiver

1617 Mail Service Center, Raleigh, North Carolina 27699-1617
Location: 512 N. Salisbury St. Raleigh, North Carolina 27604
Phone: 919-807-6300 \ FAX: 919-807-6492
Internet: www.ncwaterquality.org

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From: Reeder, Tom <tom.reeder@ncdenr.gov>
Sent: Tuesday, October 09, 2012 2:38 PM
Subject: Re: H609v4.pdf

Butch – After we spoke this morning I went and verified what I told you to make sure that it was correct. This is the current situation regarding your permit application for the reservoir per federal regulations. The Army Corps is the lead agency for your Environmental Impact Statement (EIS). As the lead agency the Army Corps is responsible for analyzing your EIS and selecting the Least Environmentally Damaging Practicable Alternative (LEDPA) for your water supply shortfall. What this means is that based upon all of the information that has been and will be gathered and presented in your EIS document, the Army Corps will decide which alternative can supply Cleveland County with the water that you need and will also have the least amount of impact on the environment. The Army Corps will make this decision on their own per the federal regulations. Once the Army Corps has selected the LEDPA, then DWQ can process and consider a 401 permit for the project that the Army Corps has selected and then the Army Corps can process a 404 permit for the same project. This is why DWR can not be a co-applicant on your 404 application at this time because until the Army Corps finishes with the EIS and selects the LEDPA there really is no active application to consider. The Corps will not consider your application as active until the required EIS documentation has been completed and they have selected the LEDPA. This is why when I met with you and the board down in Cleveland County a couple of months ago, I stressed that it was very important for you all to go to Wilmington and meet with the Colonel and his staff to see if you can influence their determination of the LEDPA. If, for instance, the Army Corps decides that, based on the info in the EIS, the LEDPA for your future water supply problem is an interconnection then that is the only alternative that DWQ and the Corps can consider an application for a 401/404 permit. But until the Army Corps make a LEDPA determination no action or processing can be taken on your permit applications. There is no way around this, that I know of, because these are all federal regulations under the Clean Water Act. If the Army Corps selects a LEDPA that you do not agree with, then your only course of action will be a lawsuit in federal court. Again, that is why it is so important to speak directly with the Army Corps now. I am sorry that I do not have better news for you, and I am also sorry that this is so confusing. If you want to talk about this in more detail maybe we can speak in person when you come up here on the 23rd. Again, sorry for the bad news, and just let me know if there is anything I can do. Thanks.



Tom Reeder
Director, NC Division of Water Resources
Phone: 919-707-9027
email: tom.reeder@ncdenr.gov

E-mail correspondence to and from this address may be subject to the North Carolina Public Records Law and may be disclosed to third parties.

From: CCSD Manager <manager@ccsdwater.com>
Reply-To: CCSD Manager <manager@ccsdwater.com>
Date: Tue, 9 Oct 2012 09:25:17 -0400
To: Tom Reeder <tom.reeder@ncdenr.gov>
Subject: H609v4.pdf

Tom. have Robin Smith review page two (c)and 17.

Thanks
Butch



North Carolina Department of Environment and Natural Resources
Division of Water Resources

Beverly Evans Perdue
Governor

Thomas A. Reeder
Director

Dee Freeman
Secretary

February 21, 2012

Mr. Don Melton, Chairman
Cleveland County Water
P.O. Box 147
Casar, NC 28020

Subject: Partnership Request
Water Supply Alternatives Evaluation
Cleveland County Water
PWSID# 01-23-055
Cleveland County

Dear Chairman Melton,

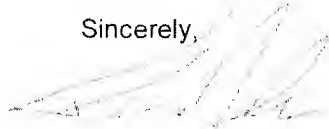
Thank you for your Resolution dated February 14, 2012, which requested that the Department of Environment and Natural Resources (DENR) enter into an agreement with Cleveland County Water to jointly apply for a federal permit for construction of the proposed Upper Cleveland Reservoir. DENR would be glad to work with the County to identify the most practicable water supply alternative under the criteria set out in NCGS 143-355.7(a). If Cleveland County chooses to pursue the alternative identified as a result of DENR's analysis, the Department may become a co-applicant for all required federal approvals for that alternative under the conditions set out in subsection (e) of the same statute. I don't want there be a misunderstanding about DENR's work with Cleveland County; the statute does not allow DENR to commit to be the co-applicant on any particular water supply alternative in advance of doing an alternatives analysis and identifying the alternative that best meets the statutory criteria.

We understand that Cleveland County Water has been working with the Army Corps of Engineers for several years to identify the area's water supply needs and potential alternatives to meet these needs. Your staff will be contacted by Division of Water Resources staff within the next few days to schedule a meeting. At this meeting, staff will review the water supply data that has been compiled under the Army Corps' process and discuss the ways that DENR and Cleveland County Water can jointly move forward in this process.

We are looking forward to working with you on this project. Thank you very much for your proactive efforts to provide your customers with a safe and reliable supply of drinking water and

we are pleased that you have asked us to participate in this endeavor. Please feel free to contact me at tom.reeder@ncdenr.gov or (919) 707-9027 or Linwood Peele at linwood.peele@ncdenr.gov or (919) 707-9024 if there is a need for any additional information or clarification or if we can be of further assistance.

Sincerely,



Thomas A. Reeder

Cc: Clyde E. Smith, District Manager, Cleveland County Water
Robin Smith, Assistant Secretary of DENR
Chuck Wakild, Director, Division of Water Quality
Jessica Godreau, Chief, Public Water Supply Section
Britt Setzer, Regional Engineer, Public Water Supply Section
Linwood Peele, Supervisor, Water Supply Planning Branch

Burdette, Jennifer a

From: Higgins, Karen
Sent: Sunday, May 12, 2013 3:59 PM
To: Burdette, Jennifer a; Dennison, Laurie
Subject: FW: Cleveland reservoir application

FYI - please see info below regarding this project - Laurie, this is the one that came in the week before last with a note to Chuck. I don't have the project number but Jennifer has the file.

Karen Higgins
Wetlands, Buffers, Stormwater - Compliance & Permitting Unit NCDENR - Division of Water Quality
1650 Mail Service Center, Raleigh, NC 27699-1650

Phone: (919) 807-6360
Email: karen.higgins@ncdenr.gov
Website: <http://portal.ncdenr.org/web/wq/swp/ws/webscape>

E-mail correspondence to and from this address may be subject to the North Carolina Public Records Law and may be disclosed to third parties.

From: Johnson, Alan
Sent: Friday, May 10, 2013 11:12 AM
To: Parker, Michael; Higgins, Karen
Subject: Cleveland reservoir application

I spoke with Jennifer Frye with the Corp (Wilmington) who is now handling the project. She informed me that the applicant(s) met with our Director and Mr. Gillespie yesterday to discuss the issue. The applicant met with Water Resources a couple of months ago.

The applicant hasn't completed the draft EIS, thus the project hasn't gone to public notice. As mentioned yesterday, there was no mention of mitigation for the project, no listing of streams/creeks impacted by the construction, nor other pertinent information included with the application. I would assume, at minimum, the project should be placed on hold until the proper work has been completed and application with complete information submitted.

Alan

Alan Johnson - Alan.Johnson@ncdenr.gov
North Carolina Dept. of Environment & Natural Resources Div. of Water Quality
610 E. Center Ave., Suite 301
Mooresville, NC 28115
Ph: (704) 663-1699 Fax: (704) 663-6040

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Burdette, Jennifer a

From: Higgins, Karen
Sent: Friday, May 10, 2013 9:18 AM
To: Burdette, Jennifer a
Subject: FW: Cleveland resevior

Jennifer, can you give alan a call about this? Thanks!

Karen Higgins
Wetlands, Buffers, Stormwater - Compliance & Permitting Unit NCDENR - Division of Water Quality
1650 Mail Service Center, Raleigh, NC 27699-1650

Phone: (919) 807-6360
Email: karen.higgins@ncdenr.gov
Website: <http://portal.ncdenr.org/web/wq/swp/ws/webscape>

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From: Johnson, Alan
Sent: Wednesday, May 08, 2013 4:57 PM
To: Higgins, Karen
Subject: Cleveland resevior

This was just sent down. Came into Raleigh, central office on May 2nd. DWQ # 05-1457


Was this handled as an application? As I read the cover letter, (not the resolution) reading the bottom paragraph and the second page, it seems more of a "let's get together and talk" application.

Can you take a look. No list of stream impacts, diagrams etc...

It looks like they are partnering with Division of Wildlife Resources to assist with getting it built. This has been on the burner (the project) for several years without much luck.

Alan Johnson - Alan.Johnson@ncdenr.gov
North Carolina Dept. of Environment & Natural Resources Div. of Water Quality
610 E. Center Ave., Suite 301
Mooresville, NC 28115
Ph: (704) 663-1699 Fax: (704) 663-6040

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From: CCSD Manager <manager@ccsdwater.com>
Sent: Tuesday, May 08, 2012 9:58 AM
Subject: Fw: BILLS

Dear Debbie, can you find out if these bills have been written and are they going to be ready by May 16th.

Thanks

Butch

----- Original Message -----

From: CCSD Manager
To: Jeff Warren (President Pro Tem's Office)
Sent: Tuesday, May 08, 2012 8:35 AM
Subject: Re: BILLS

Dear Jeff, to my understanding I sent two bills for the Cleveland County Water Reservoir to our local reps, one about mitigation in N.C. only paying for the foot print of the dam. The other was to instruct DWR to go ahead and do the 401 permit.

These bills were supposed to be only a local bill for Cleveland County.

Wes, I was told was going to introduce on the Senate side and Kelly was to do the House side. Call me 704/538/9033.

Thanks

Butch

----- Original Message -----

From: Jeff Warren (President Pro Tem's Office)
To: CCSD Manager
Sent: Friday, May 04, 2012 1:44 PM
Subject: RE: BILLS

You mentioned two new bills, to which two are you referring?

--

Jeffrey D. Warren, PhD
Senior Policy Advisor
Environment, Energy, Regulatory Affairs
Office of the President Pro Tempore
North Carolina Senate
Legislative Building room 1408B

(919) 301-2008

From: CCSD Manager [<mailto:manager@ccsdwater.com>]
Sent: Friday, May 04, 2012 01:44 PM
To: Jeff Warren (President Pro Tem's Office); Lynn Tennant (Sen. Wes Westmoreland)
Cc: Rep. Kelly Hastings; Sen. Wes Westmoreland
Subject: Re: BILLS

10/4 Thanks Jeff, everyone have a great week end.
Butch

----- Original Message -----

From: Jeff Warren (President Pro Tem's Office)
To: Lynn Tennant (Sen. Wes Westmoreland) ; CCSD Manager
Cc: Rep. Kelly Hastings ; Sen. Wes Westmoreland
Sent: Friday, May 04, 2012 1:40 PM
Subject: RE: BILLS

I can meet at noon on the 9th.

--
Jeffrey D. Warren, PhD
Senior Policy Advisor
Environment, Energy, Regulatory Affairs
Office of the President Pro Tempore
North Carolina Senate
Legislative Building room 1408B
(919) 301-2008

From: Lynn Tennant (Sen. Wes Westmoreland)
Sent: Friday, May 04, 2012 10:50 AM
To: 'CCSD Manager'; Jeff Warren (President Pro Tem's Office)
Cc: Rep. Kelly Hastings; Sen. Wes Westmoreland
Subject: RE: BILLS

Senator Westmoreland has a committee meeting at 10:00 a.m. so 11:00 a.m. may not be the best time. Could you meet closer to noon?

Also, by copy of this e-mail I am checking on the availability of Jeff Warren.

From: CCSD Manager [<mailto:manager@ccsdwater.com>]
Sent: Friday, May 04, 2012 10:32 AM
To: Sen. Wes Westmoreland; Rep. Kelly Hastings
Subject: BILLS

Dear Kelly & Wes;

I will be in Raleigh May 9, 10 with the EMC. Is it possible I could meet with Jeff Warren around eleven o'clock at Wes office on the 9th to review the two new bills for Cleveland County Reservoir?

Thanks

|| Butch

From: CCSD Manager <manager@ccsdwater.com>
Sent: Monday, August 06, 2012 10:02 AM
Subject: Fw: Regional Water Needs

Dear David, no we have not given up on the Reservoir. We feel like this election in November N.C. is going Republican and if that's the case we will get the 401 permit.

Have you seen the bill Senator Rand Paul has introduce about navigable waters?

I will send you a copy.

When Rommey takes office in January I hope this will change the Corp, EPA and others their way of thinking.

Thanks

Butch

----- Original Message -----


From: Reeder, Tom
To: CCSD Manager
Cc: Frahsen, Tom ; Smith, Robin ; Barsness, Kari K ; Peele, Linwood ; Ramsey, Dennis R ; Spencer, Lee G
Sent: Friday, July 13, 2012 9:05 AM
Subject: Regional Water Needs

Butch – Based on our conversation at lunch on Wednesday I am going to ask my staff to put together an analysis of the total future water needs for Cleveland County and its surrounding area. That way we will have a good idea of the total future demand on a regional water system in Cleveland County. It will take a couple of weeks to draft this up and I will share it with you as soon as it is done. Just let me know if you can think of anything else that we can do. Thanks.



Tom Reeder
Director, NC Division of Water Resources
Phone: 919-707-9027
email: tom.reeder@ncdenr.gov

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From: CCSD Manager <manager@ccsdwater.com>
Sent: Thursday, July 21, 2011 7:12 AM
Subject: Fw: Budget Referendum - Cleveland County Reservoir

Dear David, FYI

As you can see we are working hard to get the reservoir.

David I have been appointed to the N. C. Environmental Management Commission.

September meeting I am going to put on the agenda about mitigation on reservoir to aloud a variance and only pay for the foot print dam, like it use to be.

Whether it goes anywhere that another story, the machine is still in place in Raleigh.

THANKS

BUTCH

Original Message -----


From: CJJPETE
To: Butch Smith
Sent: Wednesday, July 20, 2011 11:44 PM
Subject: Fw: Budget Referendum - Cleveland County Reservoir

From: CJJPETE
Sent: Wednesday, July 20, 2011 5:35 PM
To: Patrick McHenry
Subject: Budget Referendum - Cleveland County Reservoir

Congressman Patrick: Thanks for keeping on top of things and beside your buddy John from Ohio. We; speaking from the Cleveland County Water Board here in Cleveland County North Carolina were wondering if there might be something you can assist us on in our pursuit of having the John Cline Reservoir being permitted through the Corps of Engineers. There might also be a thought that through recent legislation passed through the house here in North Carolina concerning the water conservation and the commodity water is starting to have; that you might consider putting this on a tag along with your budget bill that you are all working so hard on at this time. Our bills passed through the North Carolina House are House Bill 586 (5-31-2011) dealing with amending the statutes governing the clean water management trust fund; which would preserve lands for the development of water supply reservoirs and House Bill 609 (5-31-2222011) Bill to Promote the development of water supply reservoirs and other water supply resources to provide that funds from the clean water management trust fund may be used to preserve and improve the efficiency of the North Carolina's water resources.

3 If there is any possible help you can get us to have e the Dept. of Interior to move on the Corps of Engineers to forward on permitting us on our Reservoir. We have been working nearly eight years now and the expenditures have been over three-million dollars and growing as we speak. Your thoughtfulness and consideration on this matter would be greatly appreciated by no only your constituents of Cleveland County but especially by myself and the Cleveland County Water Board.

P.s. Visited with my son last week in Charleston; and he advised me that he did remember you from St. Michael's and Ashbrook. Paul is serving with the U.S. Air Force as a Major stationed in Charleston, SC and is planning on leaving after twelve years next winter; due to not responding to orders having him return to Iraq to train Iraq intel forces. It is pretty sad that his choice was nothing better that leaving the military after more than twelve (12) years for not returning to the hell hole.... Keep smiling and doing what is right and give my regards to the boss. Tell John hello and if he needs another colorful tie; jusat too remind me.... God Speed Pete cpedersen@carolina.rr.com Clio joseph "PETE" Pedersen, 2757 CARLA DRIVE, PO BOX 156, POLKVILLE, NC 28136-0156, TEL: 704-538-7924



From: CCSD Manager <manager@ccsdwater.com>
Sent: Tuesday, January 15, 2013 3:17 PM
Subject: Fw: Dear Tom, tomorrow talking with Mitch the CCW wants to set the stage in order of the application,
Attachments: Tom REEDER RESERVOIR.doc

Here we go.

Butch

----- Original Message -----

From: CCSD Manager

To: [tom reeder](#) ; [henry m wicker](#)

Sent: Tuesday, January 15, 2013 3:13 PM

Subject: Dear Tom, tomorrow talking with Mitch the CCW wants to set the stage in order of the application,

Thanks Guys, talk with you latter.

Dear Tom, tomorrow talking with Mitch the CCW wants to set the stage in order of the application,

Title 33: Navigation and Navigable Waters

PART 325—PROCESSING OF DEPARTMENT OF THE ARMY PERMITS

§ 325.2 processing of applications.

(ii) No permit will be granted until required certification has been obtained or has been waived.

The CCW has been working on the Reservoir going on 13 year and has acquired a lot of data.

We do not want to start over, what I suggest with the aid of the Corp we up date.

Then HB 609 we work with the N.C. State agencies to achieve local and the state 401 permit.

I have placed a call into Henry Wicker (Corp), because I do not want to duplicate info instead complement.

As soon as possible we can start dialog to start the process reviewing the data.

Thanks,

Butch



Town of Forest City

P.O. Box 728

Forest City, North Carolina 28043

April 2, 2012

Honorable Mike Hagar
NC House of Representatives
300 N. Salisbury Street
Room 306C
Raleigh, NC 27603-5925

Dear Mr. Hagar:

Thank you for attending our city council meeting on March 19th to inform us of your intent to file local legislation that would prevent Cleveland County Water Association from considering the Town of Forest City as an additional water source. At that meeting, town officials clearly stated their opposition to such legislation. As we have stated in the past, Forest City is very interested in partnering with Cleveland County Water to provide an additional source of finished water. Let me share the reasons we believe Forest City is in the perfect position to partner with Cleveland County Water.

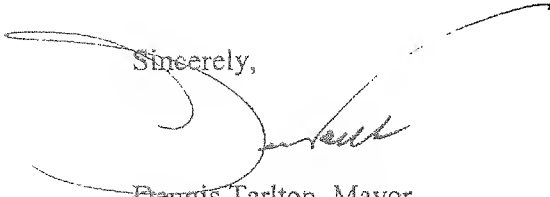
- The Town of Forest City has recognized the importance of a safe reliable supply of potable water for many years and has been proactive in securing the rights and ability to provide water to meet the future demands of our customers and our regional partners.
- The Town of Forest City has a long record of regional cooperation on water issues and has a number of regional partnerships where the town sells water on a wholesale basis at a reasonable price. These contracts have been in place for more than 30 years and the town has made improvements to our water supply, treatment and distribution system to meet the increasing demands from these partners. These partners include the Town of Ellenboro, Town of Bostic, and Concord Community Water System. In addition the town has two interconnections with Broad River Water Authority which enable the town to buy or sell water to Broad River Water Authority on an as needed basis.
- The town owns an 9.0 MGD water treatment plant located on Vance Street in Forest City. This plant was upgraded and modernized less than 10 years ago and has the ability to supply not only the needs of the Town of Forest City but the projected additional demands of Cleveland County Water. Raw water for the TWP is supplied from the Second Broad River and the town has a permit to withdraw up to 12.0 MGD from the Second Broad River. The WTP capacity may be expanded to 12.0 MGD at a reasonable cost.

- Current average demands on the WTP are 2.25 MGD to 3.0 MGD. The Town of Forest City is willing to enter into an agreement with Cleveland County Water to sell the requested 4.0 MGD on an as needed basis.
- The Town of Forest City recognized the importance of water and a long term, uninterrupted supply more than a decade ago. To prepare to meet the future water supply demands of the town a raw water intake site and future WTP site were purchased adjacent to the Broad River in the southern part of Rutherford County. The town has completed the reclassification process for the Broad River through the North Carolina Department of Environment and Natural resources, Division of Water Quality and a section of the river upstream of the future raw water intake has been protected as a WSIV water supply. The town has an active permit for the construction of a new raw water intake, pumping station and raw water line to withdraw water from the Broad River and convey the water to the Vance Street WTP as a supplemental supply.
- The Broad River as the town's intake location has a drainage area of 575 square miles which includes the drainage areas of both the Broad River and the Green River. The intake location provides an excellent supply of reliable clean raw water with very few point source discharges located upstream. The USGS has estimated the 7Q10 flow of the Broad River at this location to be approximately 130 MGD which provides the town with the ability to withdraw up to 26 MGD at this location. The town currently has an approved permit for the withdrawal of 12.0 MGD.
- Based upon water quality testing from the Broad River and the Second Broad River raw water quality is very good from both sources and provides the town with the ability to provide a safe reliable supply of potable water to our customer base as well as Cleveland County Water should they desire to partner with the town.
- The Town has previously gone on record as being willing to partner with Cleveland County Water for the sale of water to meet their projected future demands which cannot be supplied from their current supply on the First Broad River. The Town of Forest City is willing to explore options for a regional solution to meet not only the future demands of Forest City but those of Cleveland County Water. These options may include a purchase of WTP capacity in our Vance Street Plant or participation and purchase of capacity in a new WTP located at the Broad River. Forest City would be willing to consider the permitting, financing and construction of any needed distribution system improvements to deliver the requested potable water to one or more metering points with Cleveland County Water provided suitable agreements are in place for the purchase of water by Cleveland County Water.

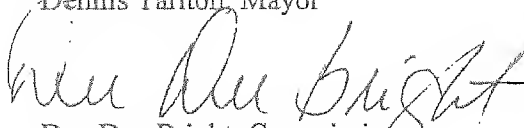
In conclusion, the Town of Forest City has been and will continue to be a good regional partner with other local water suppliers. We have a long history of being good stewards of our precious natural resources and have positioned ourselves to be a regional water supplier with our partners through our efforts to permit and utilize not only the Second Broad River but the Broad River for water supply. The town believes that both of these supplies have more than adequate capacity and good quality to meet not only the future demands of our system but our current wholesale partners and others without the need for the construction of a reservoir.

The Town of Forest City would welcome discussions regarding the possibility of partnering with Cleveland County Water at any time.


Sincerely,



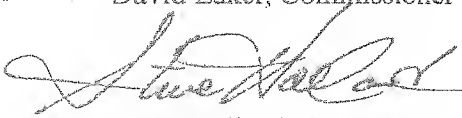
Dennis Tarlton, Mayor



Dee Dee Bright, Commissioner



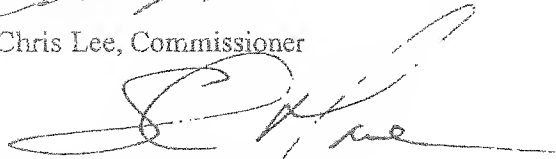
David Eaker, Commissioner



Steve Holland, Commissioner



Chris Lee, Commissioner



Shawn Moore, Commissioner

DT/srn

Cc: Henry Wicker, US Army Corps of Engineers
Dee Freeman, NC DENR
Butch Smith, Cleveland County Water



CANDIDATE
NORTH CAROLINA STATE ETHICS COMMISSION
2012 STATEMENT OF ECONOMIC INTEREST
919-715-2071 www.ethicscommission.nc.gov

RECEIVED

MAR 14 2012

STATE ETHICS COMMISSION

MAR 12 2012

FOR OFFICE USE ONLY

FILER'S NAME (FIRST, MIDDLE, LAST)				
First Name	Middle Name	Last Name		Suffix
Michael	Dean	Hager		
MAILING ADDRESS, CITY, STATE, ZIP+4 ¹				
Address		City	State	Zip
342 Walking Horse Trl.		Rutherfordton	NC	28139
HOME ADDRESS, CITY, STATE, ZIP+4				
<input checked="" type="checkbox"/> Same as Mailing Address				
Address		City	State	Zip
CURRENT EMPLOYER		JOB TITLE		
State of NC		Legislator		
NATURE OF BUSINESS				
Legislator				
DAYTIME PHONE NUMBER		ALTERNATE PHONE NUMBER		
828 748 2378				
E-MAIL ADDRESS				
mhager112@gmail.com				
REASON FOR FILING (SELECT ALL THAT APPLY)				
<input type="checkbox"/> STATE GOVERNMENT JOB (Please specify the agency for which you work)		<input type="checkbox"/> BOARD/COMMISSION (Please list all boards on which you are serving)		
<input type="checkbox"/> JUDICIAL OFFICER (Please specify the office you hold)		<input checked="" type="checkbox"/> LEGISLATOR (Please specify the legislative branch - House or Senate)		
		House		
Do other immediate family members reside in your household? ²				
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
FULL NAME ³	RELATIONSHIP	EMPLOYER	JOB TITLE	NATURE OF BUSINESS

¹ With the exception of judicial officers (including Justices or judges of the General Court of Justice, district attorneys, and clerks of court), persons holding or seeking an elected office with a residency requirement must provide a home address.

² Immediate family includes your spouse (unless legally separated), minor children, and members of your extended family (your and your spouse's adult children, grandchildren, parents, grandparents, and siblings, and the spouses of each of those persons) that reside in your household.

³ Filers may use the initials of unemancipated children instead of those children's names. If initials are used, the children's names should be provided on a (non-public) supplement form available from the Commission upon request.

				MAR 12 2012

I. \$10,000 PLUS DISCLOSURES

If you, your spouse, or members of your immediate family have assets or liabilities with a market value of at least \$10,000 in the following categories, please provide the requested information as of December 31st of the preceding year unless another time period is specified in the question.

▶ Do not list the value of those assets or liabilities.

▶ Do not list assets or liabilities held in a blind trust⁴ established by or for the benefit of you or an immediate family member.

① Do you, your spouse, or members of your immediate family have an ownership interest in North Carolina real estate with a market value of \$10,000 or more?

☒ Yes ☐ No

Owner of Real Estate	% Ownership Interest	Location by City	Location by County
Mike & Lynn Hager	100%	Forest City	Rutherford
Mike & Lynn Hager	100%	Rutherfordton	Rutherford

2. Do you, your spouse, or members of your immediate family lease or rent to or from the State real estate with a market value of \$10,000 or more?

☐ Yes ☒ No

Name of Lessor	Name of Lessee (Renter)	Location by City	Location by County

3. Within the preceding two years, have you, your spouse, or members of your immediate family sold to or bought from the State personal property with a market value of \$10,000 or more?

☐ Yes ☒ No

Name of Purchaser	Name of Seller	Type of Property

4. Do you, your spouse, or members of your immediate family currently lease or rent to or from the State personal property with a market value of \$10,000 or more?

☐ Yes ☒ No

Name of Lessor	Name of Lessee (Renter)	Type of Property

⁴ A "blind trust" is a trust that meets all of the following criteria: (a) the owner of the trust's assets has no knowledge of the trust's holdings and sources of income, (b) the individual or entity managing the trust's assets ("the trustee") is not a member of the covered person's extended family and is not associated with or employed by the covered person or his or her immediate family, and (c) the trustee has sole discretion to manage the trust's assets. G.S. 138A-3(1).

MAR 12 2012

5(a). Do you, your spouse, or members of your immediate family own interests (generally stock) valued at \$10,000 or more in a publicly owned company?

☐ Yes ☒ No

► Do not list ownership interests in a widely held investment fund (including mutual funds, regulated investment companies, or pension or deferred compensation plans) if (i) the fund is publicly traded or its assets are widely diversified and (ii) neither you nor an immediate family member are able to control the assets held in the mutual fund, investment company, or pension or deferred compensation plan.

Owner of Interest	Full Name of Company (Do not use a ticker symbol)

5(b). Do you, your spouse, or members of your immediate family hold stock options valued at \$10,000 or more in a company or business?

☐ Yes ☒ No

Owner of Stock Option	Full Name of Company (Do not use a ticker symbol)

6(a). Do you, your spouse, or members of your immediate family have financial interests valued at \$10,000 or more in a non-publicly owned company or business entity (including interests in sole proprietorships, partnerships, limited partnerships, joint ventures, limited liability companies, limited liability partnerships, and closely held corporations)?

☐ Yes ☒ No

Owner of Interest	Name of Business Entity

6(b). For each of those non-publicly owned companies or business entities identified in question 6(a) (the "primary company"), please list the names of any other companies in which the primary company owns securities or equity interests valued at over \$10,000, if known.

Non-Publicly Owned Company (the Primary Company)	Other Companies in which the Primary Company Owns Security or Equity Interests
<input type="checkbox"/> None or Not Known	

MAR 12 2012

6(c). If you know that any company or business entity listed in 6(a) or (b) above has any material business dealings or business contracts *with the State*, or is *regulated by the State*, provide a brief description of that business activity.

Name of Company or Business Entity

Description of Business Activity with the State

☐ None or Not Known

7. Are you, your spouse, or members of your immediate family the beneficiaries of a vested trust with a value of \$10,000 or more that is created, established, or controlled *by you*?

☐ Yes ☒ No

► Do not list blind trusts¹.

Name and Address of Trustee

Description of the Trust

Your Relationship to the Trust

8. Do you, your spouse, or members of your immediate family have a liability (debt) of \$10,000 or more, excluding indebtedness (mortgage) on your primary personal residence? Examples include credit card debts, auto loans, and student loans.

☒ Yes ☐ No

Name of Debtor (You, Spouse, Immediate Family Member)

Type of Creditor (Commercial Bank, Credit Union, Individual, etc.)

Spouse (Lynn)

Credit Card

Mike Hager

Commercial Bank

II. OTHER DISCLOSURES

9(a). During the preceding calendar year, were you, your spouse or members of your immediate family a director, officer, governing board member, employee, independent contractor, or registered lobbyist of a nonprofit corporation or organization operating in the State primarily for religious, charitable, scientific, literary, public health and safety, or educational purposes?

☐ Yes ☒ No

► Do not list State boards or entities, or entities created by a political subdivision of the State.

► Do not list organizations of which you are a mere member or subscriber.

Name of Person

His/Her Position

Name of Nonprofit Corporation or Organization

Nature of Business or Purpose of Organization

9(b). If the listed nonprofit corporations or organizations do business with the State or receive State funds, please provide a brief description of the nature of that business, if known, or with which due diligence could reasonably be known.

Name of Nonprofit Corporation or Organization	Describe State Business or State Funding
<input type="checkbox"/> None or Not Known	

10. List all sources of income (not specific amounts) of more than \$5,000 received by you, your spouse, or members of your immediate family during the preceding calendar year. Include salary, wages, state/local government retirement, professional fees, honoraria, interest, dividends, rental income, and business income.

Do not include income received from the following sources:

- ▶ Capital gains
- ▶ Federal government retirement
- ▶ Military retirement
- ▶ Social security income/SSDI

Recipient of Income	Name of Source	Type of Business/Industry	Type of Income
<input type="checkbox"/> I had no reportable income over \$5,000 in the preceding calendar year.			
Mike Hager	North Caroling	Government	Salary
Mike Hager	John Cline Res. LLC	Real Estate	Contract
Mike Hager	Real Estate Sale	Real Estate	Profit from Sale
Lynn Hager	Bell's Dept. Store	Retail	Salary

11. Are you a practicing attorney?

☐ Yes ☒ No ☐ Judicial Officer/State Attorney

If "Yes", check each category of legal representation in which you or the law firm with which you are associated has earned legal fees of \$10,000 or more during the preceding calendar year.

<input type="checkbox"/> Administrative	<input type="checkbox"/> Admiralty	<input type="checkbox"/> Corporate	<input type="checkbox"/> Criminal
<input type="checkbox"/> Decedent's Estates	<input type="checkbox"/> Environmental	<input type="checkbox"/> Insurance	<input type="checkbox"/> Labor
<input type="checkbox"/> Local Government	<input type="checkbox"/> Real Property	<input type="checkbox"/> Securities	<input type="checkbox"/> Tax
<input type="checkbox"/> Tort litigation (including negligence)	<input type="checkbox"/> Utilities Regulation	<input type="checkbox"/> Other category not listed or did not earn legal fees of \$10,000 or more during the preceding calendar year	

12. Are you (1) a licensed professional (other than an attorney) or do you provide consulting services individually or as a member of a professional association and (2) did you charge or were you paid over \$10,000 for those services during the preceding calendar year?

☐ Yes ☐ No

Type of Business	Nature of Services Rendered

13. Are you or your employer, your spouse or members of your immediate family, or their employer:

- Licensed by the State board or employing entity with which you are or will be associated or
- Regulated by the State board or employing entity with which you are or will be associated or
- Have a business relationship with the State board or employing entity with which you are or will be associated?

☐ Yes ☒ No ☐ Legislator/Judicial Officer - You are not required to complete this question if you are filing because you are a legislator or a judicial officer ("judicial officer" is defined in footnote 1) or you are filing as an appointee to those offices.

Name of Person	Name of Employer (if applicable)	Type of Relationship (Licensing, Regulatory, Business)

14. During the preceding calendar year, were you, your spouse, or members of your immediate family a director, officer, or governing board member of any society, organization, or advocacy group which has an interest pertaining to subject matter areas over which your agency or board may have jurisdiction?

☐ Yes ☒ No ☐ Legislator/Judicial Officer - You are not required to complete this question if you are filing because you are a legislator or a judicial officer or you are filing as an appointee to those offices.

► Do not list organizations of which you are only a member (not a leadership role).

Name of Person	Name of Society, Organization or Advocacy Group	Leadership Position (Director, Officer, Board Member)

15. Have you ever been convicted of a felony for which you have not received either (i) a pardon of innocence or (ii) an order of expungement regarding that conviction?

☐ Yes ☒ No

Offense	Date of Conviction	County of Conviction	State of Conviction

16. During any calendar quarter in the preceding year (but only the time period after you were appointed, employed or filed or were nominated as a candidate), did you

- receive any gift(s) exceeding \$200 per quarter from a person or group of persons acting together, and
- when both you and those person(s) were outside North Carolina at the time you accepted the gift(s), and
- the gift(s) were given under circumstances that would lead a reasonable person to conclude that they were given for lobbying?

☐ Yes ☒ No

► Do not report gifts given by members of your extended family.

► Do not report gifts that have previously been reported by you to the Department of the Secretary of State on the "Expense Report for Exempted Persons."

Date Item Received	Name and Address of Donor(s)	Describe Item Received	Estimated Market Value

17. During the preceding year (but only the time period after you were appointed, employed, or filed or were nominated as a candidate) have you
- accepted a "scholarship" exceeding \$200 from a person or group of persons acting together **and**
 - those person(s) were outside North Carolina **and**
 - the scholarship was related to your public position? A "scholarship" is a grant-in-aid to attend a conference, meeting, or similar event.

☒ Yes ☐ No ☐ Judicial Officer - You are not required to complete this question if you are a judicial officer or you are filing as a judicial officer appointee.

► Do not report gifts that have previously been reported by you to the Department of the Secretary of State on the "Expense Report for Exempted Persons."

► Legislators are not required to report scholarships paid by a nonpartisan legislative organization of which the legislator or the General Assembly is a member or participant or an affiliate of that organization.

Date of Scholarship	Name and Address of Donor(s)	Describe Event	Estimated Market Value
8/1/2011	ALEC 1101 Vermont Ave NW Washington DC 20005	ALEC Conference	\$1000.00

18. Are you or a member of your immediate family currently registered as a lobbyist or lobbyist principal or were you registered as such within the preceding 12 months?

☐ Yes ☒ No

Name of Lobbyist	Lobbyist's Principal	Date of Registration	Registration Expiration

19(a). List the name of each business with which you are associated where you or a member of your immediate family is an employee, director, officer, partner, proprietor, or member or manager.

Name of Person	Relationship to Filer	Name of Company	Role of Person
<input type="checkbox"/> No Business Associations			
Lynn Hager	Spouse	Belks Dept. Store	Clerk

19(h). If you know that any company or business entity listed in 19(a) above has any material business dealings or business contracts with the State, or is regulated by the State, provide a brief description of that business activity.

Name of Company or Business Entity	Description of Business Activity with the State
<input type="checkbox"/> Not applicable (No entities listed on #19a) <input type="checkbox"/> No relationship / Not known	

20. Did a Council of State member appoint you to or recommend you for appointment to a board covered by the Ethics Act? Council of State members are:

- ▶ Governor
- ▶ State Auditor
- ▶ Attorney General
- ▶ Commissioner of Insurance
- ▶ Lt. Governor
- ▶ State Treasurer
- ▶ Commissioner of Agriculture
- ▶ Secretary of State
- ▶ Superintendent of Public Instruction
- ▶ Commissioner of Labor

☐ Yes ☒ No

If "Yes", list all contributions you (not immediate family members) made during the preceding calendar year with a cumulative total of more than \$1,000 to the Council of State member who appointed you.

▶ Contributions are defined in N.C.G.S. 163-278.6(6) and include, but are not limited to, "any advance, conveyance, deposit, distribution, transfer of funds, loan, payment, gift, pledge or subscription of money or anything of value whatsoever."

Date	Amount	Contributed to
<input type="checkbox"/> No contribution(s) with a cumulative total of more than \$1,000		

21. Are you now, or are you a prospective appointee to:

- a. the head of a principal state department (e.g. cabinet secretary) appointed by the Governor; or
- b. a North Carolina Supreme Court Justice, Court of Appeals, Superior or District Court Judge; or
- c. a member of any of the following boards:

- ABC Commission
- Coastal Resources Commission
- State Board of Education
- State Board of Elections
- Employment Security Commission
- Environmental Management Commission
- Industrial Commission
- State Personnel Commission
- Rules Review Commission
- Board of Transportation
- UNC Board of Governors
- Utilities Commission
- Wildlife Resources Commission

☐ Yes ☒ No

If "No", proceed to question 22.

- d. If so, were you appointed to, or are you being considered for, appointment to your public position by a Council of State Member (Governor, Lt. Governor, Secretary of State, State Auditor, State Treasurer, Superintendent of Public Instruction, Attorney General, Commissioner of Agriculture, Commissioner of Labor, or Commissioner of Insurance)?

☐ Yes ☐ No

If "No", proceed to question 22.

- e. If so, you must indicate whether during the preceding calendar year you (not immediate family members) engaged in any of the following activities with respect to or on behalf of the candidate or campaign committee of the Council of State member who appointed you to your public position:
 - i. Collected contributions from multiple contributors, took possession of such multiple contributions, and transferred or delivered those collected contributions to the candidate or committee? Contributions are defined in N.C.G.S. 163-278.6(6) and include, but are not limited to, "any advance, conveyance, deposit, distribution, transfer of funds, loan, payment, gift, pledge or subscription of money or anything of value whatsoever."

☐ Yes ☐ No

- ii. Hosted a fundraiser at your residence or place of business?

☐ Yes ☐ No

- iii. Volunteered for campaign-related activities, which include, but are not limited to, phone banks, event assistance, mailings, canvassing, surveying, or any other activity that advances the campaign of a candidate?

☐ Yes ☐ No

22. Are you aware of any other information that *you believe* may assist the State Ethics Commission in advising you concerning your compliance with the State Government Ethics Act?

☐ Yes ☒ No

AFFIRMATION

I affirm that the information provided in this Statement of Economic Interest and any attachments hereto are true, complete, and accurate to the best of my knowledge and belief.

I also certify that I have not transferred, and will not transfer, any asset, interest, or property for the purpose of concealing it from disclosure while retaining an equitable interest.

I understand that my Statement of Economic Interest and any attachments or supplements thereto are public record.

I acknowledge that I have read and understand N.C.G.S. 138A-26 regarding concealing or failing to disclose material information and N.C.G.S. 138A-27 regarding providing false information.

§ 138A-26. Concealing or failing to disclose material information.

A filing person who knowingly conceals or knowingly fails to disclose information that is required to be disclosed on a statement of economic interest under this Article shall be guilty of a Class 1 misdemeanor and shall be subject to disciplinary action under G.S. 138A-45 (2006-201, s. 1.)

§ 138A-27. Penalty for false information.

A filing person who provides false information on a statement of economic interest as required under this Article knowing that the information is false is guilty of a Class H felony and shall be subject to disciplinary action under G.S. 138A-45. (2006-201, s. 1.)

☒ I Agree

Michael D. Hager

Printed Name

****Notarization is no longer required****




Signature

3/11/2012

Date

Submit SIGNED, ORIGINAL documents. You must file this form at the same place you file your notice of candidacy. **DO NOT file this form with the State Ethics Commission.**

	NORTH CAROLINA STATE ETHICS COMMISSION	RECEIVED MAY 03 2012 STATE ETHICS COMMISSION
	SUPPLEMENT TO THE	
	2012 STATEMENT OF ECONOMIC INTEREST	

Name of Person Filing Supplement: Michael D. Hager

Name of Agency or Board: NC House of Representatives

Date: 5/2/2012

12. Are you (1) a licensed professional (other than an attorney) or do you provide consulting services individually or as a member of a professional association **and** (2) did you charge or were you paid over \$10,000 for those services during the preceding calendar year?

☐ Yes ☒ No

Type of Business	Nature of Services Rendered

19(b). If you know that any company or business entity listed in 19(a) above has any material business dealings or business contracts with the State, or is regulated by the State, provide a brief description of that business activity.

Name of Company or Business Entity	Description of Business Activity with the State
<input checked="" type="checkbox"/> Not applicable (No entities listed on #19a) <input type="checkbox"/> No relationship / Not known	

AFFIRMATION

I affirm that the information provided in this Statement of Economic Interest and any attachments hereto are true, complete, and accurate to the best of my knowledge and belief.

I also certify that I have not transferred, and will not transfer, any asset, interest, or property for the purpose of concealing it from disclosure while retaining an equitable interest.

I understand that my Statement of Economic Interest and any attachments or supplements thereto are public record.

I acknowledge that I have read and understand N.C.G.S. 138A-26 regarding concealing or failing to disclose material information and N.C.G.S. 138A-27 regarding providing false information:

§ 138A-26. Concealing or failing to disclose material information.

A filing person who knowingly conceals or knowingly fails to disclose information that is required to be disclosed on a statement of economic interest under this Article shall be guilty of a Class 1 misdemeanor and shall be subject to disciplinary action under G.S. 138A-45. (2006-201, s. 1.)

§ 138A-27. Penalty for false information.

A filing person who provides false information on a statement of economic interest as required under this Article knowing that the information is false is guilty of a Class H felony and shall be subject to disciplinary action under G.S. 138A-45. (2006-201, s. 1.)

☒ I Agree

Michael D. Hager

Printed Name

****Notarization is no longer required****

Michael D. Hager

Signature

5/2/2012

Date

Submit SIGNED, ORIGINAL documents.

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